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CUSTOMER SATISFACTION REGARDING HOME LOANS– A COMPARATIVE STUDY OF ICICI BANK AND SBI BANK

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Retail banking in India operates in a highly saturated and competitive market. Attaining the essential performance improvements, which eventually help in earning huge revenues and controlling the costs, is considered to be the main stimulator behind this phenomenal growth of the Indian retail-banking sector. However, the focus of the retail-banking sector is on predicting and tracking the main drivers of revenue, cost and productivity, so that corrective measures can be taken timely. With the introduction of Internet banking, the services have become more transparent to consumers now as they can easily check and compare the services offered by other banks. The main objective of the research is to make a comparative study of satisfaction of the borrowers from the selected banks. It is concluded from the study that ICICI Bank has excellent staff members in terms of behaviour in comparison to the staff members of SBI. Further, the services of ICICI Bank are much better than the services of SBI.

Introduction

Retail banking is about providing banking services to individuals and joint individuals as opposed to wholesale banking, which focuses on industry and institutional clients. The concept of retail banking is not new to the banks. Retail banking is now being viewed as an attractive market segment, which offers opportunities for growth with profits. It is only in the recent times, when it has attracted special attention of the Banks, as a solution to some of their immediate concerns. The essence of retail banking lies in individual customers.

Across the globe, retail lending has been the most spectacular innovation in the commercial banking sector in recent years. Retail loans comprise consumer credit for specific purpose and credit for general use. The surge in credit to the retail segment across developing as well as developed economies has occurred due to commercial banks shifting from traditional banking activities to a broad-based lending portfolio. The growth of retail lending, especially, in emerging economies, is attributable to the rapid advances in information technology, the evolving macroeconomic environment owing to financial market reform, and several micro-level demand and supply side factors. Technology induced innovative financial products have facilitated strengthening of balance sheets and income structures of banks. Technology has enabled a significant reduction in cost of external finance for borrowers, while banks have benefited from product innovations, and lower transaction cost associated with collection, processing and use of information. This, in its wake, has offered banks better techniques for risk management and pricing of products. The surge in retail lending, however, has certain limitations. Retail lending may accentuate indebtedness of households, with implications for sustainability of private consumption and saving in the medium to longer horizon. Rapid increase in retail loans may impinge on bank credit for investment activities with implications for economic growth. Several cross section studies suggest that retail lending may, however, pose various risks with implications for banks' asset quality.

Housing is one of the three prime necessities of life. Food and clothing the other two prime requirements have been met to some extent. Housing demand still needs to be fulfilled. This is because of the shortage of funds and inadequacy of financial institutions, coupled with an increase in building material, labor and land costs. Housing finance in developing countries is a social good in view of its backward and forward linkages with other sectors of the economy. In India, growth of housing finance segment has accelerated in recent years in response to the several supporting policy measures taken and the supervisory incentives instituted. The Reserve Bank has been promoting the housing sector through minimum disbursement targets linked to incremental deposits and also by prescribing lower capital adequacy requirements.

Gone are the days, when getting a home loan was a tough task. Nowadays, obtaining a home loan is a cakewalk, thanks to low interest rates, income tax benefits, and competition among the Housing Finance Companies (HFCs). The market is flooded with HFCs, which are competing to attract customers with a number of offers. Most of the customers are not familiar with the basics of home loans, and are not sure what the best home loan option is.

To boost the housing sector there is a need to regulate and have a greater access of credit for housing. Thus a good

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housing finance system is imperative. Housing Finance Companies (HFC) need to be recognized as a part of total financial system and should be given a level playing field. Housing finance is becoming major issue and major area of operation for corporate in India. Besides private sector, semi government and nationalized banks are in the race. With various schemes to suit your requirement and with attractive interest rates, these housing finance companies are offering most attractive finance options for home seekers.

In India there is a need to crate awareness about housing linked saving schemes also needed I is an efficient legal frame work for foreclosure, securitization of mortgage debts, secondary mortgages markets, variable rate mortgages and innovative housing credit schemes. Thus, it is high time that India prioritizes the housing sector which will enable varied advantages to economy in form of employment, non-inflationary growth and reduced pressure on the Balance of Payments.

Objectives of the Study

The main objective of the study is to make a comparative study of satisfaction of the borrowers from the selected banks.

Research Methodology

Collection of Data–The research is based on primary data as well as secondary data.

Questionnaire–The primary data have been collected with the assistance of questionnaire.

Locale of Study–Survey in the state of Haryana.

Sample Size–A sample of 120 borrowers from different parts of the cities was selected covering different age group, employment status, and income group and education criteria. The borrowers were segregated into two groups on the basis of two kinds of banks.

Technique of analysis–Percentage method and Correlation method were used to analyze the collected data.

Selection of banks–We have selected two financial institutions–One is nationalized bank i.e. State Bank of India (SBI) and another is the private bank i.e. Industrial Credit and Investment Corporation of India (ICICI).

It is clear from EXHIBIT-I that the behaviour of employees of ICICI Bank is excellent which is given by more than half of the respondents (26.7%). On the other hand only 10 per cent respondents were in favour of excellent behaviour of employees in case of State Bank of India. 33.3% employees of SBI have very good behaviour and only 17.5 per cent in case of ICICI Bank. To conclude it can be said that ICICI Bank has excellent staff members in terms of behaviour.

EXHIBIT–I
Behaviour of Staff

Sr. No.	*Behaviour*		*Bank Name*		*Total*
			ICICI	*SBI*	
1.	**Excellent**	**Count**	32	12	44
		% of Total	26.7%	10.0%	36.7%
2.	**Very Good**	**Count**	21	40	61
		% of Total	17.5%	33.3%	50.8%
3.	**Good**	**Count**	5	5	10
		% of Total	4.2%	4.2%	8.3%
4.	**Average**	**Count**	2	3	5
		% of Total	1.7%	2.5%	4.2%
	Total	**Count**	60	60	120
		% of Total	50.0%	50.0%	100.0%

Source: Primary Survey Data.

It is apparent from EXHIBIT-II that 25 percent which is exactly half of the borrowers of ICICI Bank were fully satisfied with the services provided by the bank. On the other hand only 14.2 percent respondents in case of SBI were satisfied. The above table also shows that 6 (5%) borrowers of SBI were also Dissatisfied and 1 (0.8%) were totally dissatisfied with the services given by SBI. To conclude it can be said that the services of ICICI Bank are much better than SBI.

EXHIBIT-II
Satisfied with Services of Banks

Sr. No.	*Variables*		*Bank Name*		*Total*
			ICICI	*SBI*	
1.	**Fully Satisfied**	**Count**	30	17	47
		% of Total	25.0%	14.2%	39.2%
2.	**Satisfied**	**Count**	30	36	66
		% of Total	25.0%	30.0%	55.0%
3.	**Dissatisfied**	**Count**	-	6	6
		% of Total	-	5.0%	5.0%
4.	**Totally Dissatisfied**	**Count**	-	1	1
		% of Total	-	.8%	.8%
	Total	**Count**	60	60	120
		% of Total	50.0%	50.0%	100.0%

Source: Primary Survey Data

As shown in EXHIBIT-III, there is a lower degree of negative correlation between true commitment and competitive rates. There is also lower degree of negative correlation between better repayment and easy accessibility. Thus it can be said that all the variables move in the same direction with respect to each other.

- Very low degree of negative correlation between true commitment and competitive rates ($r = -0.172$).
- Low degree of negative correlation exists between true commitment and better repayment ($r = -0.433$).

EXHIBIT-III
Reasons for Satisfaction

Reasons	*True Commitment*	*Competitive Rates*	*Better Repayment*	*Easy Accessibility*
True Commitment	1.000	-.172*	-.433**	-.250**
Competitive Rates	-.172*	1.000	-.154	-.558**
Better Repayment	-.433**	-.154	1.000	-.371**
Easy Accessibility	-.250**	-.558**	-.371**	1.000

* Correlation is significant at the 0.05 level (1-tailed).

** Correlation is significant at the 0.01 level (1-tailed).

- Lower degree of negative correlation exists between competitive rates and easy accessibility (r = –0.558)
- Lower degree of negative correlation exists between better repayment and easy accessibility (r = –0.371).
- Very low degree of negative correlation exists between true commitment and easy accessibility (r = –0.250).
- Positive correlation exists between hidden charges and false commitment (r = 0.113).
- Negative correlation exists between hidden charges and not competitive at services (r = –0.225).
- Negative correlation exists between inadequate tax benefits and not competitive at services (r = –0.564).
- Higher degree of Negative correlation exists between inadequate tax benefits and false commitment (–0.559).
- Negative correlation exists between not competitive at services and inadequate tax benefits (r = –0.459).

EXHIBIT-IV
Reasons for Dissatisfaction

	Hidden Charges	*False Commitment*	*Not Competitive at Services*	*Inadequate Tax Benefits*
Hidden Charges	1.000	.113	-.225	-.643
False Commitment	.113	1.000	.331	-.559
Not competitive at services	-.225	.331	1.000	-.564
Inadequate tax benefits	-.643	-.559	-.564	1.000

Conclusion

- ICICI Bank has excellent staff members in terms of behaviour in comparison to the staff members of SBI.
- Services of ICICI Bank are much better than SBI.
- The main reasons for satisfaction are competitive rates and true commitment.
- The reasons for dissatisfaction are hidden charges.

Suggestions

The market for home loans has been sizzling in India. The spurt in growth in recent years and the prospects of continued buoyancy in demand have attracted many players to the industry. The result-cut throat competition, which has benefited the loan seeker. Housing finance companies have introduced several new products to meet the needs of a wide variety of customers. One such scheme, the step up loan, where the EMIs increase as the income of the individual increases has been a big hit with individuals just starting off with their careers.

Skilled human resources are one of the most important pre-requisite for the efficient management of a large and diverse retail credit portfolio. Only highly skilled and experienced manpower can withstand the rigour of administering a diverse and complex retail credit portfolio. So it is advisable to State Bank of India that it should employee highly skilled and efficient employees for the betterment of the services.

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